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November 1, 1993

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Re: RM-8356

Dear Mr. Caton:

Transmitted herewith, on behalf of TDS Telecommunications Corporation, are an original and nine (9) copies of its comments in the above-referenced proceeding.

In the event of any questions concerning this matter, please communicate with this office.

Very truly yours,

Margot Smiley Humphrey
Margot Smiley Humphrey

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Before the
FEDERAL COMMUNICATIONS COMMISSION
 Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
 OFFICE OF THE SECRETARY

In the Matter of
 Reform of the Inter-
 State Access Charge Rules

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COMMENTS OF TDS TELECOMMUNICATIONS CORP.

TDS Telecommunications Corp. (TDS Telecom), by its attorneys and on behalf of its 92 local exchange carriers (LECs), submits these brief comments on the petition for rulemaking filed by the United States Telephone Association (USTA) on September 17, 1993. TDS Telecom supports the request for a comprehensive rulemaking, but is urgently concerned that existing universal service support mechanisms must not be modified unless and until effective, sustainable substitutes are in place.

USTA correctly identifies major changes in the regulatory environment and telecommunications marketplace, which are placing increasing pressures on LECs faced with competition and, consequently, on some traditional sources of universal service support. TDS Telecom agrees that changes since existing rules affecting LECs were adopted necessitate a comprehensive rulemaking to make appropriate adjustments. The Commission should, therefore, promptly open a proceeding and designate the protection and enhancement of universal service and nationwide access to advanced public switched network and information resources as

its paramount objective. The National Information Infrastructure Task Force, chaired by Secretary of Commerce Brown, has announced a national policy commitment to "[e]xtend[ing] the 'universal service' concept to ensure that information resources are available to all at affordable prices."¹ This Commission should pursue that goal in reevaluating its regulation of LECs in an increasingly competitive environment.

TDS Telecom agrees that existing explicit support mechanisms should be preserved. As USTA points out, the comprehensive review proceeding must establish a policy that requires all marketplace participants to carry a fair share of the costs of universal service. However, TDS Telecom cannot agree that all averaging and interservice contributions are under pressure from competition. Moving toward market-driven pricing and infrastructure development decisions would shift substantial additional cost burdens to rural and residential customers and impede rural network advances. Moreover, USTA's proposal for creating a single "public policy" category that lumps together all universal service costs could put essential high cost support for rural areas unnecessarily at risk.

In addition, TDS Telecom does not agree that Carrier Common Line charges are a support mechanism. There is every bit as much reason for interexchange carriers, 800 service customers and others in similar situations to pay a share of the costs for

¹ The National Information Infrastructure: Agenda for Action, p. 6 (September 15, 1993).

obtaining access to their customers as to charge LECs' customers for obtaining access to their chosen interexchange carriers for interstate calls.

Finally, TDS Telecom urges the Commission not to go forward with further access deaveraging until it has assured that its longstanding and recently reiterated commitment to geographically averaged toll rates² will not be undermined. The Commission should (a) adopt a rule requiring interexchange carriers to charge geographically averaged toll rates and (b) develop a mechanism to keep traffic sensitive access charges in high cost rural areas reasonably comparable to those in low cost urban areas. More than just a policy is necessary to alleviate the growing, cumulative incentives to deaverage interstate rates.


Therefore, the Commission should open a comprehensive proceeding, recognize universal service as a central goal and refrain from actions that will disadvantage rural and residential

² E.g., Expanded Interconnection with Local Telephone Company Facilities, CC Docket Nos. 91-141 (Transport Phase I and CC Docket No. 80-286, FCC 93-379, ¶ 18 (released September 2, 1993), citing Policy and Rules Concerning Rates for Dominant Carriers, Report and Order and Second Further Notice of Proposed Rulemaking, 4 FCC Rcd 2873 (1989).

ratepayers or fuel incentives for the geographical deaveraging of
toll rates.

Respectfully submitted,

TDS TELECOMMUNICATIONS CORP.

By:  /s/ Margot Smiley Humphrey
/s/ Margot Smiley Humphrey

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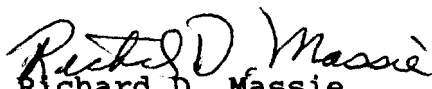
November 1, 1993

CERTIFICATE OF SERVICE

I, Richard D. Massie, a secretary in the law firm of Koteen & Naftalin, do hereby certify that I have this date caused the foregoing to be sent by first class United States Mail, postage prepaid, to the following:

Linda Kent, Esq.
USTA
900 19th Street, NW, Suite 800
Washington, D.C. 20006-2105

November 1, 1993

By:  /s/ Richard D. Massie
/s/ Richard D. Massie